

AMENDED IN ASSEMBLY APRIL 26, 2016

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## ASSEMBLY BILL

**No. 2664**

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**Introduced by Assembly Member Irwin**

February 19, 2016

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An act to add Chapter 14.5 (commencing with Section 92965) to Part 57 of Division 9 of Title 3 of the Education Code, relating to the University of California, and making an appropriation therefor. *California.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 2664, as amended, Irwin. University of California: innovation and entrepreneurship expansion.

Existing law establishes the University of California, under the administration of the Regents of the University of California, as one of the segments of public postsecondary education in this state. The University of California comprises 10 campuses, which are located at Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz, and other facilities operated by the university, including the Lawrence Berkeley National Laboratory. *Laboratory (LBNL).*

This bill would ~~provide funding to~~ *require* the University of California to expand the infrastructure necessary to increase innovation and entrepreneurship *activities across the state* for the purpose of creating economic development. The bill would specify *that funds appropriated for that purpose shall be used to fund innovation and entrepreneurship programs as each of the university's campuses, the LBNL, and in other*

*areas of the state that may benefit from those programs, but would require the university to determine the manner in which the funding provided under the bill could be used by the University of California, would be used, consistent with the bill's provisions. In implementing these provisions, the bill would require the university to consult with public and private stakeholders and to design programs to enhance, not necessarily duplicate, the state's network of innovation-based business development programs and services. The bill would require the University of California to report to the Department of Finance and the Legislature annually on the use of the funding provided for purposes of the bill, as specified. The bill would make implementation of its provisions contingent on an appropriation for its purposes in the annual Budget Act.*

~~The bill would appropriate \$66,000,000 from the General Fund to the Regents of the University of California for allocation, for purposes of the bill, in equal amounts in the 3 fiscal years from 2017-18 to 2019-20, inclusive.~~

Vote:  $\frac{2}{3}$ -majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. With respect to innovation and entrepreneurship
- 2 expansion at the University of California, the Legislature finds
- 3 and declares all of the following:
- 4 (a) The State of California is well-positioned to harness the
- 5 power of the University of California's expertise to spur economic
- 6 development.
- 7 (b) The University of California contributed to the foundational
- 8 research breakthroughs that launched some of California's strongest
- 9 industries, including aerospace, agriculture, biotechnology,
- 10 computers and semiconductors, telecommunications, and digital
- 11 media.
- 12 (c) Research at the University of California continues to create
- 13 new inventions that will be the genesis of tomorrow's industries,
- 14 companies, and commercial successes.
- 15 (d) Innovation and entrepreneurship at the University of
- 16 California create equitable economic development throughout
- 17 California.

(e) It is therefore the intent of the Legislature to provide funds to establish or expand the infrastructure at each campus and the Lawrence Berkeley National Laboratory (LBNL) ~~to expand infrastructure necessary to build a network of~~ *for purposes of enhancing the state's network of programs and services that support innovators, entrepreneurs, startups, investors, and industry and community partners to spur innovation and economic development* in communities surrounding University of California campuses, the LBNL, and across California.

SEC. 2. Chapter 14.5 (commencing with Section 92965) is added to Part 57 of Division 9 of Title 3 of the Education Code, to read:

CHAPTER 14.5. INNOVATION AND ENTREPRENEURSHIP  
EXPANSION

92965. (a) ~~Moneys to be appropriated for this chapter shall be used by~~ *With funds appropriated for purposes of this chapter, the University of California to expand the infrastructure necessary to* *shall increase innovation and entrepreneurship activities across the state for the purpose of creating economic development.*

(b) The funds referenced in subdivision (a) shall be used to fund innovation and entrepreneurship programs at each campus of the University of ~~California and California~~, the Lawrence Berkeley National Laboratory ~~(LBNL)~~, *(LBNL)*, and in other areas of the state that may benefit from these programs.

(c) The manner in which the funds provided for purposes of this chapter will be used shall be determined by the University of California. These uses may include, but shall not necessarily be limited to, the establishment of programs or projects *and the purchase of equipment to facilitate innovation-based* economic development in communities surrounding the 10 campuses of the University of California, the LBNL, and other locations across California for purposes such as any of the following:

(1) Providing business training and resources to reduce common barriers to success for entrepreneurs and startup companies.

(2) Offering subsidized work and laboratory space to startups for prototype development, proof-of-concept research, or both.

1 (3) Providing proof-of-concept funding to increase the likelihood  
2 that entrepreneurs and startup companies will attract venture or  
3 corporate capital backing.

4 (4) ~~Providing mentorship to the underrepresented interested in~~  
5 ~~entrepreneurial pursuits.~~ *mentorship, including mentorship to*  
6 *individuals from population groups who have historically been*  
7 *underrepresented in science and innovation-based industries.*

8 (5) Coordinating and aligning innovation functions at a campus  
9 of the university or at the LBNL, and building relationships  
10 between the university environment and successful, independent  
11 enterprises to facilitate the rollout of products to the market and  
12 the public.

13 *(d) In implementing this chapter, the University of California*  
14 *shall design programs to enhance, not necessarily duplicate, the*  
15 *state's network of innovation-based business development*  
16 *programs and services. The University of California shall also*  
17 *consult with public and private stakeholders when implementing*  
18 *this chapter in order to ensure programs authorized by this chapter*  
19 *strengthen the state's entrepreneurial capacity and global*  
20 *competitiveness. This may include new partnerships and initiatives*  
21 *with public and private economic development entities, including,*  
22 *but not limited to, local and regional economic development*  
23 *corporations, small business development centers, business*  
24 *accelerators, and Innovation Hubs.*

25 92966. (a) The University of California shall report to the  
26 Department of Finance and the Legislature annually on the use of  
27 the funding provided for purposes of this chapter. ~~This~~

28 (b) (1) *The annual report shall include, at a minimum, all of*  
29 *the following:*

30 (A) *The number of businesses and entrepreneurs assisted.*

31 (B) *The industry sectors of the businesses and entrepreneurs*  
32 *assisted.*

33 (C) *The cities in which the businesses and entrepreneurs assisted*  
34 *are located. For businesses or entrepreneurs assisted in cities with*  
35 *a population of less than 250,000, only the county shall be listed.*

36 (D) *The number of total employees employed by the businesses*  
37 *and entrepreneurs assisted at the time those businesses and*  
38 *entrepreneurs were assisted, based on the following categories,*  
39 *whichever is the most appropriate:*

40 (i) *No employees.*

1     (ii) *Five employees or fewer.*

2     (iii) *Twenty employees or fewer.*

3     (iv) *Under 50 employees.*

4     (v) *Under 100 employees.*

5     (vi) *Under 500 employees.*

6     (E) *The number of jobs created and the number of jobs retained.*

7     (F) *The amount of capital infusion, in both debt and equity,*  
8 *obtained by businesses and entrepreneurs assisted.*

9     (2) *Subparagraphs (D) to (F), inclusive, shall be reported on*  
10 *an aggregated basis.*

11     (c) *The annual report shall comply with Section 9795 of the*  
12 *Government Code.*

13     92967. *This chapter shall not be implemented unless funds are*  
14 *appropriated for its purposes in the annual Budget Act.*

15     ~~SEC. 3. The sum of sixty-six million dollars (\$66,000,000) is~~  
16 ~~appropriated from the General Fund to the Regents of the~~  
17 ~~University of California for allocation, for purposes of Chapter~~  
18 ~~14.5 (commencing with Section 92965) of Part 57 of Division 9~~  
19 ~~of Title 3 of the Education Code, in accordance with the following~~  
20 ~~schedule:~~

21     ~~(a) Twenty-two million dollars (\$22,000,000) for expenditure~~  
22 ~~for the 2017–18 fiscal year.~~

23     ~~(b) Twenty-two million dollars (\$22,000,000) for expenditure~~  
24 ~~for the 2018–19 fiscal year.~~

25     ~~(c) Twenty-two million dollars (\$22,000,000) for expenditure~~  
26 ~~for the 2019–20 fiscal year.~~